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NATIONAL INTELLIGENCE DAILY CABLE

Thursday May 26, 1977 CG NIDC 77-122C



NATIONAL SECURITY INFORMATION
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DIA review(s) completed.

State Dept. review completed

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National Intelligence Daily Cable for Thursday, May 26, 1977.

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The NID Cable is for the purpose of informing senior US officials.

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ZAIRE: Situation Report

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[redacted] The Congolese, at Angola's request, may replace the Nigerians as mediators in the talks between Zaire and Angola. A joint Belgian-French-Zairian study group has completed a plan for reorganizing the Zairian armed forces. The plan appears to focus on solving the deficiencies brought on by the conflict in Shaba Region. Zairian forces are continuing to press into the remaining areas in Shaba held by the Katangans.

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[redacted] A military reorganization plan, apparently commissioned by the Zairian high command early this month, calls for a reduction of the armed forces from 70,000 to 35,000 men. The

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gendarmes, former paramilitary forces integrated into the army several years ago, would bear the brunt of the reduction. The air force and the navy would be increased slightly, and a logistic corps of 4,000 would be created.

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[] The plan envisages the reorganization of the army into one armored and three infantry brigades. The infantry units would be stationed in Shaba, the area near Kinshasa, and in the north. The armor brigade, equipped with armored cars, will also be based near Kinshasa, although the US defense attache reports that one armored squadron will be positioned in Shaba.

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[] The plan also calls for establishing an integrated communications network, reducing and streamlining the armed forces staff, creating a planning office and an inspector general unit, assimilating French and Belgian advisers, and restructuring the country's military academies.

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[] The plan has been presented to President Mobutu, who apparently agreed in principle with its recommendations, although he is said to be pressing for a total manpower level of 50,000. Mobutu apparently has directed a member of his personal military staff to conduct a similar study.

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[] The plan's recommendations indicate that the study group hoped to get at the heart of the Zairian military's chronic problems. A logistic unit, for instance, could help prevent the type of bottlenecks and supply shortages that have seriously hampered military operations during the conflict in Shaba.

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[] An integrated communications network could help shorten the time between the issuance and implementation of orders and improve the relay of tactical intelligence to command areas--two problems that have hindered Zairian military operations. A streamlined staff structure may help cut down on competing layers of command.

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[] The reduction of military manpower is also a wise recommendation. Zaire's army, like those of several other African countries, is too large and cumbersome to be manageable,

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and poor-quality and possibly unreliable units, like several of Zaire's gendarme battalions, dilute the effectiveness of others.

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[] The US embassy also points out that the study's recommendations do not call for a massive infusion of new or more advanced equipment. The study group is now looking into the possibility, however, of reorganizing the smaller Zairian military into mobile, mechanized, and armor brigades, which might result in demands for new weapons.

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[] The military situation in Shaba has changed very little since government forces, led by Moroccans, reoccupied the border town of Dilolo on Saturday. Zairian press reports said yesterday that Zairian forces captured Sandoa, one of the two remaining towns in Katangan hands, but we are unable to confirm that the town has been taken.

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[] The Zairians appear to be consolidating their positions south of and along the rail line, and the civilian population reportedly is beginning to return to villages in the area. The Zairian high command, however, apparently still believes that the conflict is far from over.

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USSR-UK: Methanol Plants

25X1 [] *The USSR last week ordered two methanol plants valued at \$250 million from a British firm. This is the largest contract ever signed between the two countries and should take some of the chill off Soviet-British trade relations.*

25X1 [] London has been disappointed that the Soviets have made little use of a \$1.6-billion credit extended in 1975 to finance British exports; before the latest contract only one sixth of the credit had been committed. Prime Minister Callaghan called in the Soviet ambassador last December to complain about the low level of orders.

25X1 [] The Soviet announcement of the methanol plant contract emphasized that it was part of a compensation agreement under which 20 percent of the production from the plants will be marketed in the West from 1981 to 1991 to earn hard currency to repay the credit.

25X1 [] The previous reluctance of British firms to enter into compensation agreements with the Soviets has been cited by Moscow as a major cause of the UK's poor performance in winning

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Soviet business. The Soviets' insistence on compensation agreements has made the willingness of Western firms to accept such arrangements an important competitive factor.

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[] The plants will have a combined capacity of 5,000 tons of methanol per day and will be the world's largest using natural gas as a raw material. One plant will be located in Gubakha in the Urals and the other at Tomsk in Siberia.

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[] This contract is the latest in a series of recent major Soviet deals for chemical plants. West German loans totaling \$1 billion for several chemical plants were approved in April. French firms won about \$500 million in contracts last December for an aromatics complex and fertilizer plants. []

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FRANCE: Strike

[] France was disrupted but not paralyzed on Tuesday by a 24-hour general strike called by the major unions to protest the government's economic austerity policy. The US embassy reports that workers participating in the strike were mainly from the public sector where jobs are secure, and that the strike is unlikely to have any effect on government policies. The relatively harmless strike demonstrated union strength and allowed the workers to express their frustrations safely.

[] The unions are mindful of the lesson learned in May 1968, when riots and a general strike led to an election backlash in which the left lost heavily.

[] According to the US embassy, power, transportation, and the media were widely disrupted on Tuesday, as were some government services. The strike call was not universally observed in the private sector. Wherever possible, offices, factories, and shops were kept open.

[] The high point of the strike in Paris was a large, generally good-humored march staged by the left-wing unions; according to various estimates, from 60,000 to over 200,000 people participated.

[] Following the march, the Communist-led federation of unions called for a continuation of the kind of labor unity

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evidenced by the strike. This call went unheeded by the moderate Force Ouvriere, which is fully aware that the Communist-led labor group is aiming for some kind of formal labor league that it could dominate.

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[] The Force Ouvriere held its own separate demonstration in Paris, which helped explain the lack of participation by members of that organization in the march by the left-wing unions. In the provinces, however, a number of unions in the Force Ouvriere and others joined with the left-wing unions.

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[] The strike fits into the left unions' strategy of maintaining, but at the same time controlling, worker hostility to the economic stabilization program of Prime Minister Barre. It probably moves forward by a modest notch the left unions' policy of bringing the important teachers' union and the Force Ouvriere into a de facto front opposing the government. []

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